

CLAIMS DEPARTMENT CLAIMS MANUAL

The purpose of this manual is to outline those procedures and methods which constitute the basis of the operation of the Claim Department. Many of the items will be general, while others will be more specific in nature. It would be virtually impossible to spell out exact guidelines for each situation faced by the claims person. Therefore, common sense and good judgment must be used in the application of this material, just as it must be used in the conduct of business on a day-to-day basis.

We believe that a conscientious study of the material and careful adherence to the procedures will result in simplification of the duties of the Claim Department personnel, and achieve a degree of standardization in the handling of claims. Occasional deviation from procedures is permissible if the situation warrants it and these deviations will not have a negative impact on the handling of the claim.

The Home Office welcomes suggestions for changes in the procedures outlined herein and all personnel are encouraged to submit suggestions. Questions concerning interpretation should be directed to your supervisor.



DENIAL OF COVERAGE TO INSURED

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FIRST PARTY CLAIMS

In first party cases, when a coverage denial is in order, the decision may be made by anyone within whose authority the probable amount of loss would fall. Exception to this guideline would be in the case of a suspected arson fire, uninsured motorist or underinsured motorist claim. In these circumstances, the denial must be approved in advance by the Regional Claims Manager.

The denial may be verbal, but must be followed with a letter providing written explanation of the denial. The denial of coverage must be directed to the insured, and any other person seeking coverage, at their last known address. E-mail cannot be used as an alternative to a written denial letter sent via U.S. Mail.

A property claim that is simply below the deductible is not a denial of coverage. As long as the insured has been provided with the proper documentation showing the claim is under the deductible and it was adequately explained to the insured, a formal written letter is not required. This should be clearly documented in the file.

LIABILITY CLAIMS

In all liability exposure cases, the file should be reviewed by a Claims Manager or Legal Counsel before a coverage denial is issued to the insured or the person/s seeking coverage under the terms of the policy. After the denial, nothing further should be done on the claim without branch office approval. Again, feel free to consult Home Office Legal Counsel.

On liability cases, the denial of coverage must be in writing and set out in detail the reasons why there is no coverage. It should be sent by both regular and certified mail. The denial of coverage must be directed to the insured, and any other person seeking coverage, at their last known address.

FIRST PARTY AND LIABILITY CLAIMS

Any written denial letter should contain all language required by the particular state of venue including but not limited to informing the insured or claimant that they may have the matter reviewed by that state's insurance department.

West Coast Exception:

On Construction Defect Claims, coverage denials need supervisor approval, however are not sent certified mail. Non-construction defect claims need supervisor approval and must be sent certified mail.

Additional insured tender denials do not need supervisor approval and do not get sent certified mail on construction defect cases. If non-construction defect, supervisor approval is needed.

POLICYHOLDERS REIMBURSEMENT & RELEASE

POLICYHOLDERS RELEASE

The form CD3066 may be used on any first party claim under a contract (some examples: Fire and EC, PIP, Inland Marine, Contractors Installation and Equipment Floater). The instrument effectively releases all claims under the contract but also deals with extra contractual matters.

REIMBURSEMENT OF POLICYHOLDERS WHO HAVE MADE LIABILITY SETTLEMENTS

Occasionally, a policyholder will of his own volition settle a property damage claim. If, upon investigation, we find it to be a case where he was legally liable and payment was reasonable, it will be our obligation to reimburse the policyholder. Form CD3084 is available for use in handling situations of this nature.